

Michael J. Hogan President

DATE:

October 9, 2009

TO:

Members of the Board of

FROM:

Michael J. Hogan

I'm pleased to submit the University of Connecticut's FY 2010 spending plan to the Board of Trustees.

While our budgeting recognizes the exceptional fiscal challenges we confront, it does so from a strategic perspective, paying close attention to the priorities established by our Academic Plan. Furthermore, it demonstrates that through strategic decision-making, we can and will continue to strive for excellence in teaching, research, and service. This is demonstrated, for example, by the fact that this year, we have admitted the most diverse and well-prepared freshman class in UConn history, external research grants are on the rise, and our reputation among peer institutions is climbing.

Our ability to improve in the face of these financial difficulties reflects two key factors. First, UConn's faculty and staff are highly committed to providing an outstanding academic curriculum for our undergraduate, graduate, and professional students. At a time when other universities are experiencing growing class sizes, UConn students continue to benefit from small classes and multiple opportunities for experiential learning with dedicated faculty mentors.

Second, UConn's talented scholars, artists, and scientists continue to generate path-breaking discoveries and innovations in both traditional and emerging disciplines, including interdisciplinary areas that comprise the focus of our academic plan: culture and the arts, health and human behavior, the environment, and human rights. Despite increasingly keen competition, UConn faculty, staff, and students are winning more research grants, scholarly honors, and artistic acclaim. For example, already in FY 2010, we have increased extramural research grants by over 20%. To support this distinguished record of accomplishment, we will continue to seek new revenues for and direct existing resources toward areas of excellence, as noted in our Academic Plan.

In the coming year, we will also continue to seek efficiencies in our organizational infrastructure to support excellence in our academic, research, and service missions. Over the last few months under the State's Retirement Incentive Program, we've sadly experienced the loss of many experienced, dedicated, and skilled faculty, staff, and administrators. While we will refill some of these positions, particularly those that are fundamental to our academic mission and the well-being and safety of our community, we also recognize the opportunity to streamline our operations to better meet the needs of our community. Toward these ends, we have made organizational changes, including the appointment of a Vice President

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Telephone: (860) 486-2337 Facsimile: (860) 486-2627 e-mail: Mike.Hogan@uconn.edu for Human Resources & Payroll Services, who will oversee HR and payroll at the Storrs and regional campuses, as well as the Health Center. We've also appointed an Associate Vice President for Diversity & Equity who will facilitate our goal of increasing diversity at our Storrs, regional, and Health Center campuses through recruitment, retention, and climate-enhancing efforts. It's important to note that these changes don't add new administrative positions at UConn; rather they reflect a re-organization and expansion of existing portfolios. Thus, these changes also reflect a key emphasis of our Academic Plan on aligning our campuses to promote stronger cross-campus collaboration and greater administrative efficiencies.

These efficiencies are all the more important as we confront our FY 2010 budget. In FY 2009, we faced \$18-million in rescissions on our state appropriation. These funds are not restored in our FY 2010 appropriation, although the costs of higher education continue to climb. Moreover, the state has swept \$3-million of our reserve funds – funds that are self-generated through tuition, indirect cost recoveries on grants/contracts, and auxiliary revenues. As our revenue and spending plan for FY 2010 reveals, however, we have been preparing for cuts. About a year ago, I convened the Costs, Operations, & Revenue Efficiencies (CORE) Task Force, to help us address what we recognized would be an extended and severe economic downturn. I'm grateful to the CORE Task Force, which has helped us identify over \$7-million in savings or new revenues. In addition to these fiscal enhancements, the CORE Task Force is also helping identify ways to streamline systems to make all of our operations more efficient and effective. Because of their tremendous contributions, I've asked the CORE Task Force to continue this work for at least the next year.

Nonetheless, as our revenue and expense plans will show, we still face enormous challenges at all our campuses and perhaps the situation is most acute at our Health Center. Although we've now implemented a number of new efficiencies at the UConn Health Center that were recommended last year through the engagement of Pricewaterhouse-Coopers, we continue to face a chronic structural deficit, which arises from our hospital. The John Dempsey Hospital is out-dated and in dire need of renovation to enable our continued ability to deliver state-of-the-art healthcare and to train more physicians, dentists, and other healthcare professionals. Yet, it is too small to generate enough revenue to offset the costs that arise from our public service mission. Consequently, as recommended by the Connecticut Academy of Science & Engineering, we not only need a new hospital, but also a clinical partner with the capacity to help us grow our academic, research, and clinical care missions and relieve the state of the chronic and growing financial liability posed by our too-small and out-dated hospital. Over the past two years, we have forged such a partnership proposal with Hartford Healthcare Corporation. At this time, we are working with legislators, the Governor's Office, and other public officials to bring our proposed partnership to fruition.

"Partnership" is emblematic of UConn. We are a partner with and in service to the State and its citizens. Our research, scholarship, and creative endeavors thrive when colleagues across disciplines come together to generate innovative solutions to complex problems and new discoveries that improve peoples' lives. Collaboration is at the heart of our Academic Plan and we will continue to focus on the goals articulated in that Plan. At our annual Budget Workshop, we'll highlight these goals, the fiscal challenges we continue to face, our strategy for addressing those challenges, and the success we're already realizing in the face of adversity. That success is due not only to the talent and efforts of our faculty, staff, and students, but also to the dedication and creative work of leaders in our senior administration, including Vice President & Chief Financial Officer Richard Gray; Vice President & Chief Operating Officer, Barry Feldman; Vice President & Dean of the School of Medicine, Cato Laurencin, and Executive Vice President & Provost Peter Nicholls. I'm grateful to them and other members of the President's Cabinet for their advice and thoughtfulness in preparing this budget.